

**THE IMPERIAL LIFE**

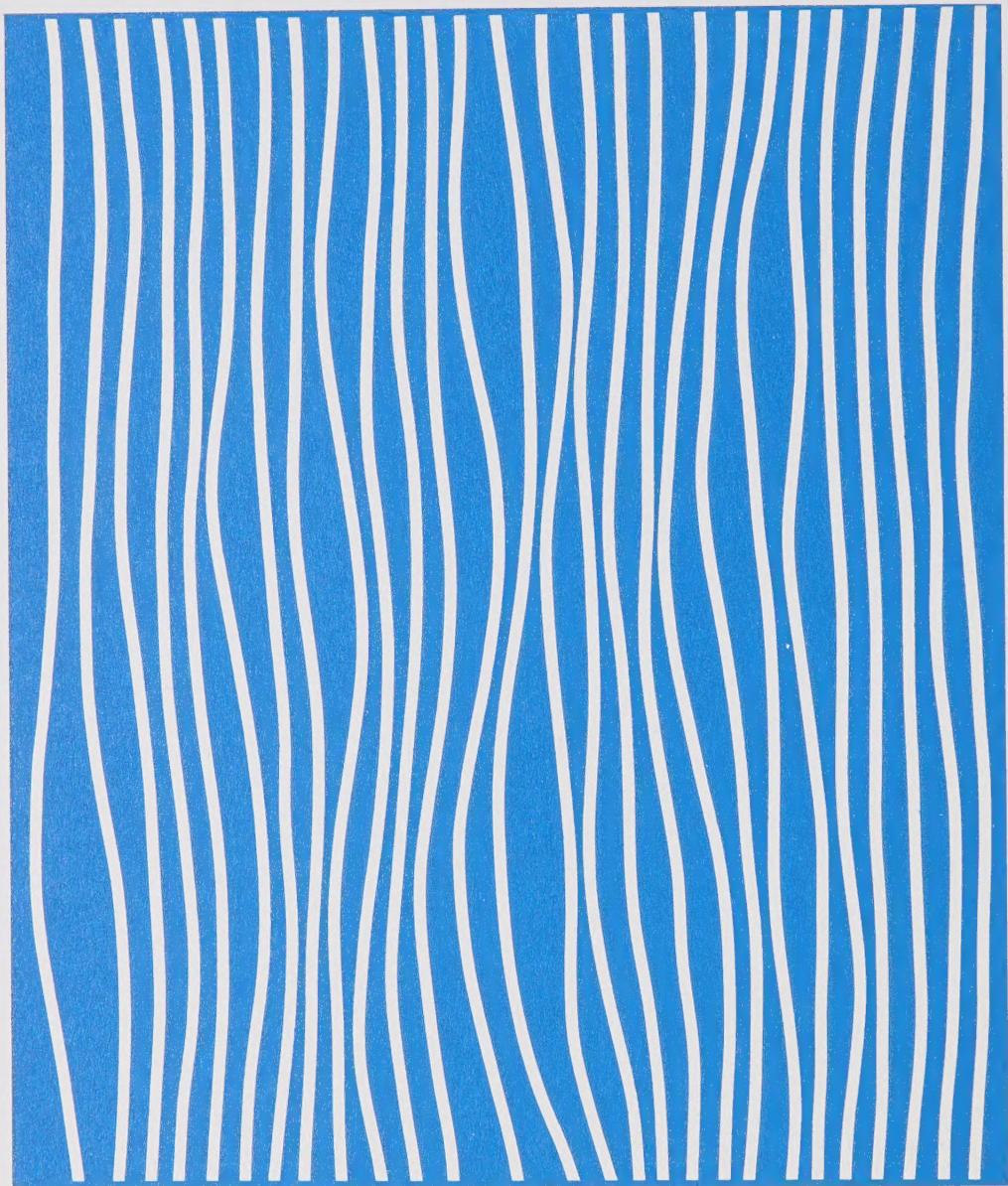
Assurance Company of Canada

**ANNUAL REPORT**

For the Year 1971



Annual Meeting



RÉTINE BLEU by *Marcel Barbeau*

This is one of the paintings in the collection of contemporary Canadian art in The Imperial Life Head Office Building. The collection includes sculpture, murals and tapestries as well as paintings and prints. All design considerations in developing the plans for the building were predicated on exact locations for the collection—"to make the art work a natural component and not a self-conscious art exhibition". Marcel Barbeau studied with Paul Émile Borduas in Montreal. He has exhibited in New York, Rome, Paris, Toronto, Montreal and Ottawa and his works are included in the National Gallery in Ottawa, the Stedilek Museum in Amsterdam and the Montreal Museum of Fine Arts.

# THE IMPERIAL LIFE ASSURANCE COMPANY OF CANADA

## Annual Report of the Directors

Your Directors have pleasure in submitting their Report for the year ended December 31, 1971.

**NEW BUSINESS.** The volume of new life insurance and annuity business in 1971 amounted to \$469,675,000, which included a new record of \$384,065,000 on individual lives and \$85,610,000 on group life insurance and annuities. New business on individual lives (including health insurance) produced yearly premiums of \$7,245,000 and single premiums of \$7,550,000. New group insurance produced premiums of \$2,976,000.

**BUSINESS IN FORCE.** The year ended with \$3,306,376,000 of life insurance in force, including \$1,070,916,000 of group life insurance and annuities. Health insurance contracts in force at the end of the year had yearly premiums of \$4,641,000.

**INCOME.** Premium income amounted to \$76,277,000, and net interest, dividends and rents to \$35,545,000 after deduction of all investment expenses.

**BENEFIT PAYMENTS.** Payments to policyholders and beneficiaries during 1971 aggregated \$46,402,000, including \$7,824,000 in dividends to holders of participating policies. Death claims amounted to \$11,713,000.

**ASSETS.** The book value of the assets of the Company and its subsidiary companies amounted to \$537,470,000. These

values in the aggregate, after deduction of the asset valuation reserve, are less than those authorized by the Canadian and British Insurance Companies Act. The net rate of interest earned in 1971 was 6.54% before taxes on Canadian investment income (1970—6.38%).

**INSURANCE AND ANNUITY LIABILITIES.** The total of the reserves for insurance and annuity liabilities, including reserves for segregated investment funds, is \$396,785,000, which is greater than governmental requirements.

**SURPLUS FUNDS.** The ratio of surplus funds to total liabilities remained at a satisfactory level.

**POLICYHOLDERS' DIVIDENDS.** The Directors have authorized a continuation to June 30, 1972 of the current scale of policyholders' dividends.

The Board expresses its appreciation and thanks to the members of the Company for the effective work they did in 1971 and for the diligent manner in which they performed.

On behalf of the Board,

A. ROSS POYNTZ  
*Chairman of the Board and  
Chief Executive Officer*

## Earnings Per Share of Capital Stock

Earnings per share are based on the net income (including net profit on investment transactions) of the shareholders' account, of the non-participating life insurance business, of the health insurance business, and the appropriate portion of the net income of subsidiary companies. It must be noted that not all of these amounts are available for distribution as prudent management dictates that substantial portions must be retained for the protection of policyholders. The following table shows the computation of earnings per share for 1971.

	(thousands of dollars)		
NET REVENUE BEFORE DIVIDENDS TO POLICYHOLDERS AND TAXES	\$12,786		
Dividends to policyholders	8,414		
NET REVENUE BEFORE TAXES	\$ 4,372		
Income and premium taxes	2,035		
NET REVENUE	\$ 2,337		
Appropriations added back:			
Increase in currency stabilization reserve	500		
Increase in business development reserve	100		
Decrease in asset valuation reserve	(123)		
ADJUSTED NET REVENUE	<u>\$ 2,814</u>		
NET INCOME ATTRIBUTABLE TO:			
	Participating Life Account	Non-Participating and Shareholders' Account	TOTAL
	\$1,191	\$1,623	\$ 2,814
Transfer from participating life account to shareholders' account (Legislation limits this transfer to a maximum of 7½% of the distribution from the participating account)	(663)	663	—
	\$ 528	\$2,286	<u>\$ 2,814</u>
Consolidated earnings per share (basis 100,000 shares outstanding)	<u>\$22.86</u>		

It must be emphasized that earnings per share will fluctuate widely from year to year as they are greatly influenced by the rates of mortality and morbidity experienced in the year and by the level of net profit on security transactions. The range of fluctuation is indicated by the following computations of earnings per share for the 5 years ended 1971:

1971	1970	1969	1968	1967
\$22.86	\$4.40	\$14.97	\$6.83	\$8.93

THE IMPERIAL LIFE ASSURANCE COMPANY OF CANADA  
 (Incorporated under the laws of Canada)  
*and subsidiary companies*

**Consolidated Balance Sheet** *as at December 31, 1971*  
*(with comparative figures at December 31, 1970 as restated)*

ASSETS

	1971	1970
	(thousands of dollars)	
Bonds and debentures—at amortized cost:		
Government - - - - -	\$ 76,690	\$ 67,285
Municipal - - - - -	13,642	16,164
Corporate - - - - -	80,400	73,945
Preferred and common stocks—at cost - - - - -	59,356	54,326
Mortgages on real estate - - -	185,013	177,572
Loans to policyholders, fully secured by the cash value of policies of this company - - - - -	33,413	32,763
Real Estate:		
Properties under development—at cost - - - - -	\$ 2,025	\$ —
Properties held for investment—at cost - - - - -	27,547	27,500
Home Office and branch office premises—at cost - - -	15,778	15,815
	<u>\$45,350</u>	<u>\$43,315</u>
Less accumulated depreciation	7,821	37,529
Segregated investment funds' assets—at market value - - - - -	34,705	23,999
Cash and certificates of deposit - -	6,469	9,790
Premiums in course of collection - -	2,408	3,471
Accrued investment income - - -	5,152	4,801
Other assets - - - - -	2,693	1,777
	<u>\$537,470</u>	<u>\$501,732</u>

On behalf of the Board

A. ROSS POYNTZ, *Chairman of the Board and Chief Executive Officer*

G. KINGSLEY FOX, *President*

PAUL G. DESMARAIS, *Vice-President*



## LIABILITIES

	1971	1970
	(thousands of dollars)	
Present value of liabilities under assurance and annuity contracts - - - - -	\$362,080	\$338,402
Policy proceeds, dividends and other amounts on deposit - - - - -	34,056	40,270
Present value of liabilities under company retirement funds - - - - -	23,814	22,386
Asset valuation, currency stabilization and business development reserves - - - - -	16,326	15,849
Segregated investment funds' liabilities to policyholders - - - - -	34,705	23,999
Provision for dividends to policyholders - - - -	8,090	7,500
Policy claims in course of settlement and provision for unreported claims - - - - -	6,426	7,039
Bank loan for real estate under development - -	1,500	—
Mortgages on real estate investment - - - -	1,943	436
Income and premium taxes - - - - -	995	916
Other liabilities and provisions - - - - -	<u>3,785</u>	<u>3,012</u>
	<u>\$493,720</u>	<u>\$459,809</u>

## CAPITAL STOCK AND SURPLUS

### Capital Stock

Authorized—100,000 shares of \$10 par value		
Issued and outstanding—100,000 shares -	\$ 1,000	\$ 1,000
Shareholders' surplus - - - - -	1,635	1,342
Surplus funds primarily for the protection of policyholders - - - - -	<u>41,115</u>	<u>39,581</u>
	<u>\$ 43,750</u>	<u>\$ 41,923</u>
	<u><u>\$537,470</u></u>	<u><u>\$501,732</u></u>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### 1. Principles of Consolidation

In 1971 the company adopted the policy of consolidating the accounts of its subsidiary companies in the financial statements. The 1970 figures have been restated to reflect this change in policy.

### 2. Accounting Policies

- (i) The bonds and stocks, as shown, less the asset valuation reserve of \$10,276,405, are in the aggregate recorded at values less than those authorized by the Canadian and British Insurance Companies Act.
- (ii) Sterling block items are translated into Canadian dollars at \$2.57. United States dollars and related items are translated at \$1.07. The currency stabilization reserve amounting to \$2,000,000 is greater than any adjustment which would arise by translating at current rates of exchange. The U.S. dollar translation rate is being adjusted to \$1.00 effective with 1972 accounting.
- (iii) Depreciation has been included in investment expenses as follows:

	1971	1970
Properties held for investment - - - - -	\$680,442	\$683,191
Home Office and branch office premises - - - - -	<u>188,233</u>	<u>188,232</u>
	<u><u>\$868,675</u></u>	<u><u>\$871,423</u></u>

THE IMPERIAL LIFE ASSURANCE COMPANY OF CANADA  
 (Incorporated under the laws of Canada)  
*and subsidiary companies*

**Consolidated Balance Sheet** *as at December 31, 1971*  
*(with comparative figures at December 31, 1970 as restated)*

ASSETS

	1971	1970
	(thousands of dollars)	
Bonds and debentures—at amortized cost:		
Government - - - - -	\$ 76,690	\$ 67,285
Municipal - - - - -	13,642	16,164
Corporate - - - - -	80,400	73,945
Preferred and common stocks—at cost - - - - -	59,356	54,326
Mortgages on real estate - - -	185,013	177,572
Loans to policyholders, fully secured by the cash value of policies of this company - - - - -	33,413	32,763
Real Estate:		
Properties under development—at cost - - - - -	\$ 2,025	\$ —
Properties held for investment—at cost - - - - -	27,547	27,500
Home Office and branch office premises—at cost - - -	15,778	15,815
	<u>\$45,350</u>	<u>\$43,315</u>
Less accumulated depreciation	7,821	37,529
Segregated investment funds' assets—at market value - - - - -	34,705	23,999
Cash and certificates of deposit - -	6,469	9,790
Premiums in course of collection - -	2,408	3,471
Accrued investment income - - -	5,152	4,801
Other assets - - - - -	2,693	1,777
	<u>\$537,470</u>	<u>\$501,732</u>

On behalf of the Board

A. ROSS POYNTZ, *Chairman of the Board and Chief Executive Officer*

G. KINGSLEY FOX, *President*

PAUL G. DESMARAIS, *Vice-President*



## LIABILITIES

	1971	1970
	(thousands of dollars)	
Present value of liabilities under assurance and annuity contracts - - - - -	\$362,080	\$338,402
Policy proceeds, dividends and other amounts on deposit - - - - -	34,056	40,270
Present value of liabilities under company retirement funds - - - - -	23,814	22,386
Asset valuation, currency stabilization and business development reserves - - - - -	16,326	15,849
Segregated investment funds' liabilities to policyholders - - - - -	34,705	23,999
Provision for dividends to policyholders - - - -	8,090	7,500
Policy claims in course of settlement and provision for unreported claims - - - - -	6,426	7,039
Bank loan for real estate under development - -	1,500	—
Mortgages on real estate investment - - - -	1,943	436
Income and premium taxes - - - - -	995	916
Other liabilities and provisions - - - - -	3,785	3,012
	<u>\$493,720</u>	<u>\$459,809</u>

## CAPITAL STOCK AND SURPLUS

### Capital Stock

Authorized—100,000 shares of \$10 par value		
Issued and outstanding—100,000 shares -	\$ 1,000	\$ 1,000
Shareholders' surplus - - - - -	1,635	1,342
Surplus funds primarily for the protection of policyholders - - - - -	41,115	39,581
	<u>\$ 43,750</u>	<u>\$ 41,923</u>
	<u>\$537,470</u>	<u>\$501,732</u>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### 1. Principles of Consolidation

In 1971 the company adopted the policy of consolidating the accounts of its subsidiary companies in the financial statements. The 1970 figures have been restated to reflect this change in policy.

### 2. Accounting Policies

- (i) The bonds and stocks, as shown, less the asset valuation reserve of \$10,276,405, are in the aggregate recorded at values less than those authorized by the Canadian and British Insurance Companies Act.
- (ii) Sterling block items are translated into Canadian dollars at \$2.57. United States dollars and related items are translated at \$1.07. The currency stabilization reserve amounting to \$2,000,000 is greater than any adjustment which would arise by translating at current rates of exchange. The U.S. dollar translation rate is being adjusted to \$1.00 effective with 1972 accounting.
- (iii) Depreciation has been included in investment expenses as follows:

	1971	1970
Properties held for investment - - - - -	\$680,442	\$683,191
Home Office and branch office premises - - - - -	188,233	188,232
	<u>\$868,675</u>	<u>\$871,423</u>

THE IMPERIAL LIFE ASSURANCE COMPANY OF CANADA  
*and subsidiary companies*

**Consolidated Statement of Revenue and Surplus** for the year ended December 31, 1971  
*(with comparative figures for 1970 as restated)*

REVENUE	1971 (thousands of dollars)	1970
Premiums - - - - -	\$ 76,277	\$ 62,767
Interest, dividends and rents after deduction of investment expenses of \$3,368 (1970—\$3,433) - - - - -	35,545	28,815
Net profit on investment transactions - - - - -	637	84
	<u>\$112,459</u>	<u>\$ 91,666</u>
THIS REVENUE WAS USED FOR		
Death claims - - - - -	\$ 11,713	\$ 11,793
Disability and health insurance claims - - - - -	2,710	2,763
Matured endowments - - - - -	5,433	5,440
Annuity benefits - - - - -	2,188	1,800
Voluntary termination benefits - - - - -	16,534	20,102
Additions to funds held for future payments to policyholders - -	35,403	14,311
Amounts credited to funds on deposit and company retirement funds - - - - -	3,268	3,360
Commissions, branch office, agency and operating expenses -	<u>22,424</u>	<u>20,104</u>
	<u>\$ 99,673</u>	<u>\$ 79,673</u>
NET REVENUE BEFORE DIVIDENDS TO POLICYHOLDERS AND TAXES - - - - -	\$ 12,786	\$ 11,993
Dividends to policyholders - - - - -	<u>8,414</u>	<u>7,539</u>
NET REVENUE BEFORE TAXES - - - - -	\$ 4,372	\$ 4,454
Income and premium taxes - - - - -	<u>2,035</u>	<u>3,007</u>
NET REVENUE - - - - -	\$ 2,337	\$ 1,447
Appropriations:		
Dividends to shareholders - - - - -	510	480
Increase in shareholders' surplus - - - - -	<u>293</u>	<u>233</u>
	<u>\$ 803</u>	<u>\$ 713</u>
INCREASE IN SURPLUS FUNDS - - - - -	\$ 1,534	\$ 734
Surplus funds at beginning of year - - - - -	<u>39,581</u>	<u>38,847</u>
Surplus funds at end of year - - - - -	<u>\$ 41,115</u>	<u>\$ 39,581</u>

### Auditors' Report

To the Policyholders and Shareholders of  
 The Imperial Life Assurance Company of Canada

We have examined the consolidated balance sheet of The Imperial Life Assurance Company of Canada and subsidiary companies as at December 31, 1971, and the consolidated statement of revenue and surplus for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

The liabilities under assurance, annuity and company retirement fund contracts are stated at the amounts certified by the company's Actuary.

In our opinion, with the foregoing explanation, these consolidated financial statements present fairly the financial position of the companies as at December 31, 1971, and the results of their operations for the year then ended.

Toronto, Canada  
 February 1, 1972

THORNE, GUNN, HELLIWELL & CHRISTENSON  
*Chartered Accountants*

## A Review of 1971

### New Business

Sales of new business were buoyant in all of the Company's geographical areas, and produced new premiums of \$17,771,000, a gain of 25% over the new business of 1970.

The sales of individual policies with continued premiums showed a 21% gain with new premiums of \$7,245,000. This aggregate comprises life insurance, health insurance and equity-based policies.

There were gains in each category.

Single premium sales were 48% higher than in 1970, at \$7,550,000. Substantial gains were evident in annuities in Canada, and in equity-based policies in Great Britain.

In the sales of all types of business except group insurance, the branch offices in Great Britain scored a gain of 46% over the previous record achieved in 1970. In this respect the Canadian branches had an impressive gain of 31%.

Group insurance sales resulted in new premiums of \$2,976,000, a figure which is slightly below the record production of 1970.

The life insurance components of the new business provided coverage of \$469,675,000, of which individual policies accounted for \$384,065,000—20% higher than in 1970.

The leading branch in the Company, in the production of business of all types was again Toronto Bay,

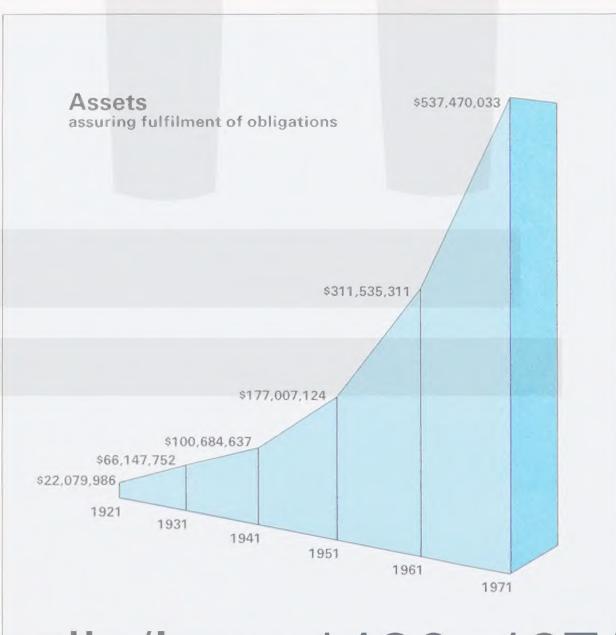
managed by F. E. Murphy, C.L.U. The Central London (England) Branch, managed by Mr. D. Schiff, continued to lead the Company in new business on individual life insurance policies. The leading agent, all business combined, was Senior Life Underwriter N. Cowan, C.L.U., Toronto Bay Branch, and the leading agent in individual life insurance sales was Senior Life Underwriter A. G. Henley, C.L.U., Newfoundland Branch.

The group insurance division with the best record in 1971 was the Algonquin Region, managed by J. T. Wilkins, C.L.U., and the top producer was Mr. A. Crittall of the same region.

### Digitized by the Internet Archive in 2023 with funding from

### University of Alberta Library

Two trophies are awarded each year to managers with the best records in the development of new sales personnel. The winner among managers in Canada, U.S. and the South was Mr. J. W. Pinder of



Nassau. The winner in Great Britain was Mr. J. C. Ager of Brighton.

### **Business in Force**

In 1971 the volume of insurance in force increased by \$199,267,000 to \$3,306,376,000, including \$1,070,916,000 of group life insurance and annuities. Health insurance continued to lose coverage to government plans and premiums in force declined moderately to \$4,641,000. Benefits to be provided by contracts based on segregated investment funds are not included in the above figures. These funds increased by \$10,706,000 in 1971 and amounted to \$34,705,000 at the end of the year.

### **Administration**

The administrative personnel achieved much in bringing our new computerized data processing system to a state of operating efficiency, so that the full benefits provided by such an advanced system have to a large extent been realized. The objectives

included improved service to policyholders, better cost control and increased clerical efficiency. Despite the continually rising level of transactions and services, the improved systems brought a reduction from 1,138 to 1,113 in the numerical strength of the office staffs.

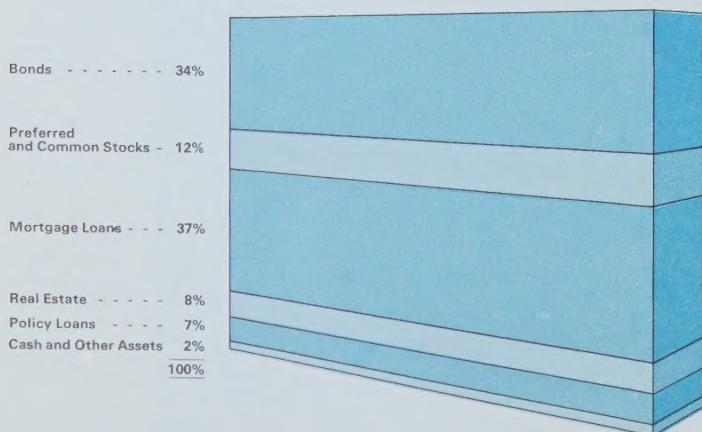
### **Investments**

In the report for 1970 it was noted that the influences restraining growth of assets were moderating, and a better rate of growth was anticipated. The expected trends developed strongly and assets grew by \$35,700,000 to \$537,470,000. Last year the increase was \$20,230,000. About one-third of the growth in 1971 was accounted for by the segregated investment funds. The performance of these funds, which outranks most competitors, brought substantial increases in market values and attracted a good inflow of new money.

The management of the securities portfolio in the general funds of the Company resulted in a very large number of transactions. The net increase in bonds was \$13,000,000, and the portfolio was rearranged to produce higher yields. Net stock acquisitions were \$5,000,000, bringing the proportion so invested to 12%.

The mortgage program was stepped up in 1971, after the first quarter, and commitments were made to the extent of \$31 million, at favourable rates. A substantial portion of these commitments have yet to be funded. There was a strong element of support for new housing, 2,013 units being financed. The average yield on the assets in the general funds

#### **How Invested Assets are Diversified**



showed a very good increase, rising to 6.54% from 6.38% in 1970. These yields are net of investment expense, which was maintained at a very satisfactory level, but they have not been adjusted for taxes on Canadian investment income.

### **Income and Benefit Payments**

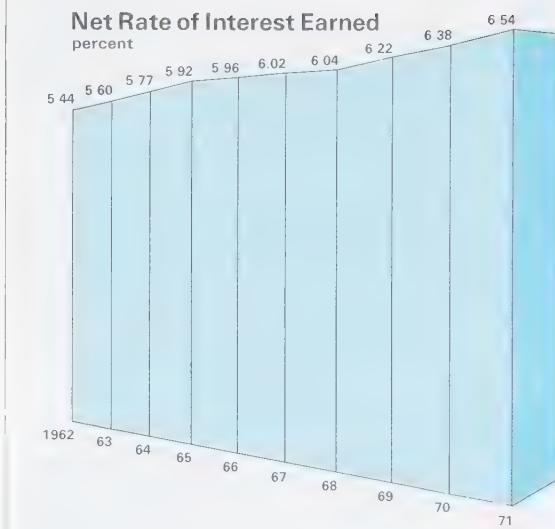
The Company's total consolidated revenue in 1971 amounted to \$112,459,000, 23% higher than in 1970. The total is comprised of premium income amounting to \$76,277,000 (up 21.5%) and investment income, including net profit on investment transactions, totalling \$36,182,000 (up 25.2%).

The major components of the \$46,402,000 in benefit payments are death claims, voluntary termination benefits, and policyholders' dividends. The mortality experience in 1971 was quite favourable, both on individual and on group life insurance policies. Death claim payments amounted to \$11,713,000, very nearly the same total as in 1970. There was a definite easing in the demand for voluntary termination benefits and the total of \$16,534,000 was some \$3½ million less than in 1970.

The allocation to policyholders' dividends was \$8,414,000, considerably higher than in the previous year. This allocation provides for dividends paid in the year, and the increase in the provision for dividends to be paid in 1972.

### **Earnings and Surplus**

Favourable factors in the earnings of the Company were the satisfactory ratios of mortality and morbidity claims, increased revenue from the larger amounts



of assets under administration and close budgeting of operating expenses. The latter continue to rise, but the expense ratio showed a small improvement.

Reserves for special purposes increased by \$477,000. The changes were as follows: an allocation of \$500,000 to the currency stabilization reserve, bringing the total to \$2,000,000; an increase of \$100,000 in the business development reserve to a figure of \$4,050,000; and a decrease of \$123,000 in the asset valuation reserve, which now stands at \$10,276,000.

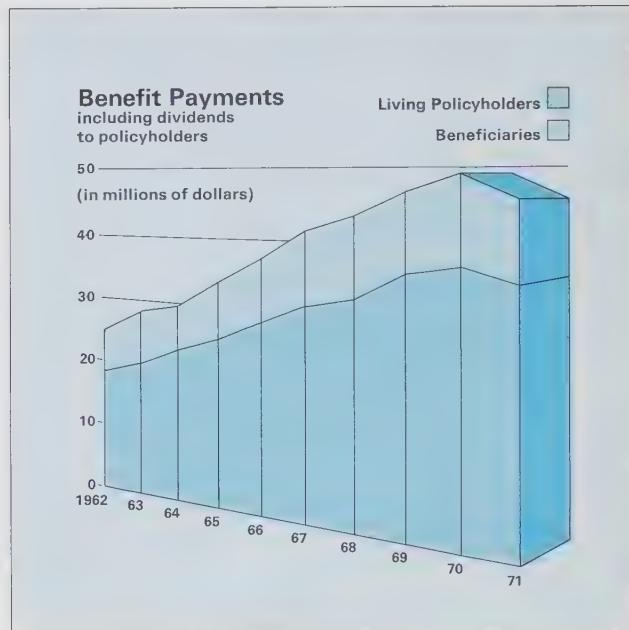
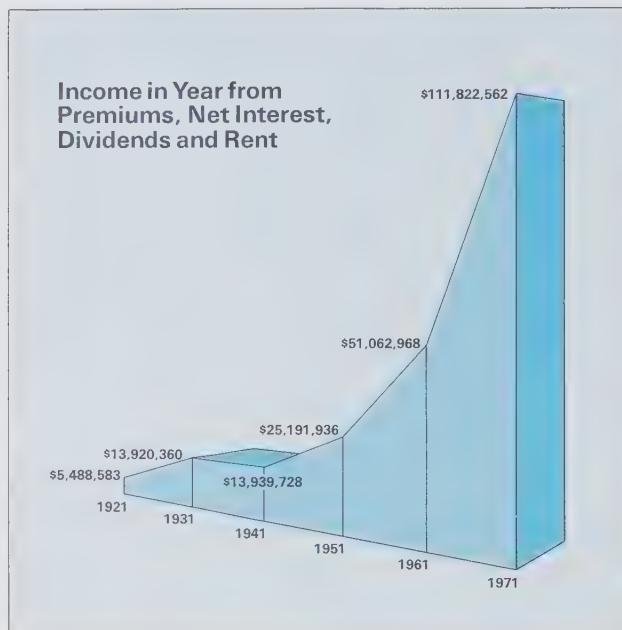
It is seen from the balance sheet that total surplus funds, including shareholders' surplus, have increased by \$1,827,000 to \$42,750,000. There were increases in all the surplus accounts: the shareholders' surplus, the health account surplus, the non-participating life account surplus, and the participating life account surplus. The increase in the last was minor, as most of the earnings of this account were paid out as policyholders' dividends.

The ratio of surplus to liabilities maintained a strong position.

## Capital Stock

The directors have enacted a by-law, the effect of which will be to divide the capital stock of the Company into 200,000 shares of the par value of \$5.00 each instead of 100,000 shares of the par

value of \$10.00 each as at present. The by-law will be submitted to the Annual and Special General Meeting of the Company to be held on March 15, 1972. If the by-law is approved at that meeting, the effective date of the division will be April 15, 1972.



## Board of Directors

A. ROSS POYNTZ, F.C.I.A.  
*Chairman of the Board and  
Chief Executive Officer*

G. KINGSLEY FOX, F.C.I.A.  
*President*

PAUL G. DESMARAIS  
*Vice-President and Chairman of the  
Executive Committee of the Board*

JOHN B. W. CARMICHAEL  
*Toronto*

FRANK E. CASE  
*Montreal*

MAURICE GERMAIN  
*Montreal*

J. DOUGLAS GIBSON, O.B.E.  
*Toronto*

LAWRENCE G. GREENWOOD  
*Montreal*

WILLIAM C. HARRIS  
*Toronto*

MAXWELL W. MACKENZIE, C.M.G.  
*Como, Quebec*

WALTER S. OWEN, Q.C.  
*Vancouver*

JEAN PARISIEN, C.A.  
*Montreal*

T. O. PETERSON  
*Winnipeg*

JOHN G. PORTEOUS, Q.C.  
*Montreal*

RENAULT ST-LAURENT, Q.C.  
*Quebec*

G. HARRY SHEPPARD  
*Toronto*

W. DENT SMITH  
*Wilmington, Delaware*

THE RT. HON. LORD THOMSON OF FLEET, G.B.E.  
*London, England*

DONALD J. WILKINS  
*Toronto*

## Executive Officers

A. ROSS POYNTZ, F.C.I.A.

*Chairman of the Board and Chief Executive Officer*

G. KINGSLEY FOX, F.C.I.A.

*President*

PAUL G. DESMARAIS

*Vice-President and Chairman of the Executive Committee of the Board*

MILTON R. HAMILTON  
*Agency Vice-President*

W. DONALD PATTERSON, F.C.I.A.  
*Actuarial Vice-President*

CHESTER D. BEATTY, F.C.I.A.  
*Executive Officer—Research*

ANDREW S. LeMESURIER  
*General Counsel*

DAVID M. MILLYARD, F.C.I.A.  
*Executive Officer—Administration*

GRANT D. SYLVESTER, C.L.U.  
*Director of Canadian Agency Operations*

JOHN A. KEMPTON  
*Resident Director of Agencies*

JAMES C. EMMETT, M.D.  
*Medical Director*

A. ROSS MacDONALD, F.C.I.A.  
*Executive Officer—Group Insurance*

JOHN B. B. PRYDE  
*Vice-President, U.S. Agencies*

WILLIAM G. MUNRO, F.L.M.I.  
*Administrative Vice-President*

ROSS A. PERIGOE, C.A.  
*Financial Vice-President*

WALLACE R. JOYCE, F.C.I.A.  
*Executive Officer—Agency Research*

JOHN H. McMEEKIN, C.F.A., F.L.M.I.  
*Executive Officer—Investments*

JOHN B. PURDY, C.F.A., F.L.M.I.  
*Treasurer*

E. HAROLD WYKES  
*Secretary and Counsel*

### In Great Britain

CLIFFORD T. HACKETT  
*Vice-President and General Manager for Great Britain*

ERIC A. PERCIVAL  
*Resident Secretary*

NICHOLAS SCOTT, F.C.A.  
*Resident Actuary*

## Other Officers

D. LORNE BLEECKER, F.C.I.A.  
*Associate Actuary*

DONALD BURNS  
*Superintendent of Field Training*

KENNETH M. CAMPBELL  
*Accounting Administrative Officer*

W. DALE COSBURN, F.C.I.A.  
*Group Actuary*

W. D'ARCY DOLAN  
*Public Relations Officer*

DONALD C. F. AKEHURST  
*Assistant Agency Administrative Officer*

RONALD V. BALL, F.L.M.I.  
*Assistant Agency Administrative Officer*

D. WALLACE BARR  
*Premises Officer*

DOUGLAS R. BELL, F.L.M.I.  
*Assistant General Counsel*

ALAN R. BRERETON, F.C.I.A.  
*Assistant Actuary*

WILLIAM R. BROWN, F.L.M.I.  
*Assistant Administrative Officer*

A. BRUCE BROWNE, F.L.M.I.  
*Assistant Secretary—Group Administration*

J. IVAN DEATH  
*Assistant Data Processing Officer*

MISS MARION E. WILLIAMS, F.L.M.I.  
*Underwriting Officer*

GEORGE LAWTON  
*Superintendent of Agency Development*

W. NICHOLAS ANDERTON, F.I.A.  
*Associate Resident Actuary*

MISS ELIZABETH F. HOGG  
*Personnel Officer*

D. DON EZRA, F.I.A.  
*Assistant Resident Actuary*

RICHARD M. FARR  
*Resident Investment Officer*

HUGH C. FARDY, C.L.U.  
*Superintendent of Agency Operations*

F. MURRAY HALL, M.D.  
*Associate Medical Director*

G. JAMES HUNTER, C.L.U.  
*Superintendent of Group Sales*

GORDON H. JOHNSON, F.C.A., F.L.M.I.  
*Comptroller*

ARTHUR B. LANE, F.L.M.I.  
*Agency Administrative Officer*

ROBERT G. LEWTHWAITE, C.L.U.  
*Superintendent of Conservation*

L. KEITH DEEPROSE, F.L.M.I.  
*Data Systems Officer*

R. LEWIS DUNN, F.C.I.A.  
*Assistant Actuary*

DANIEL M. FLEMING, M.D.  
*Assistant Medical Director*

MICHAEL A. HALE, F.C.I.A.  
*Assistant Actuary*

WILLIAM J. HILL, F.L.M.I.  
*Personnel and Training Officer*

R. GARTH HUTCHINSON, A.S.A.  
*Systems Programming Officer*

RANDAL W. N. KENNY, C.A., F.L.M.I.  
*Assistant Comptroller*

ALAN D. McCONNELL  
*Assistant Administrative Officer*

GEORGE C. WILSON, C.A., F.L.M.I.  
*Assistant Comptroller*

MISS MARY T. MEGAFFIN  
*Personnel Officer*

JOHN E. MORRISON, F.L.M.I.  
*Data Systems Officer*

JOSEPH J. PIETROSKI  
*Assistant General Counsel*

KENNETH C. RIVERS, A.C.I.S.  
*Assistant Administrative Officer*

BRUCE G. SAUNDERS, S.R.E.A.  
*Real Estate Development Officer*

GLENN R. SWANICK, F.C.I.A.  
*Assistant Actuary*

GEORGE A. TRICKY  
*Assistant General Counsel*

PETER M. WALTER, C.F.A., F.L.M.I.  
*Assistant Treasurer*

### In Great Britain

GEORGE K. C. RETTIE, M.D.  
*Medical Officer*

ANTHONY F. HOPPER  
*Special Projects Officer*

DAVID G. PETERS, A.C.I.I.  
*Administrative Officer*

ALAN J. JOHNSTON, M.I.O.M. (Dip)  
*Systems & Planning Officer*

PETER F. MEIER  
*Resident Solicitor*

CECIL W. WARD  
*Superintendent of Agencies*

PETER C. N. POOLMAN, A.C.I.I.  
*Superintendent of Field Training*

ROGER H. A. WAIN  
*Administrative Officer*

ERIC R. PATON  
*Assistant Superintendent of Agencies*

MICHAEL C. SPILLMAN  
*Assistant Superintendent of Agencies*

## Principal Imperial Life Offices

HEAD OFFICE

Imperial Life Building  
95 St. Clair Avenue West, Toronto 7, Canada

## Branch Offices in Canada

BARRIE, ONT.	-	-	-	-	-	110 Dunlop Street E.	-	-	-	-	W. J. Miller
BRANDON, MAN.	-	-	-	-	-	740 Rosser Avenue	-	-	-	-	H. W. Lippel
CALGARY, ALTA.	-	-	-	-	-	444 Seventh Avenue S.W.	-	-	-	-	R. D. McCorquodale
CHANDLER, P.Q.	-	-	-	-	-	Ouest, Boulevard Grand Pabos	-	-	-	-	P.-E. Levesque
CHARLOTTETOWN, P.E.I.	-	-	-	-	-	159 Kent Street	-	-	-	-	W. H. Tomilson
EDMONTON, ALTA.	-	-	-	-	-	10350 124th Street	-	-	-	-	C. C. Kuhnke
EDMONTON, ALTA.	-	-	-	-	-	One Thornton Court	-	-	-	-	H. G. Hicks
HALIFAX, N.S.	-	-	-	-	-	1535 Dresden Row	-	-	-	-	C. W. P. Crookshank
HAMILTON, ONT.	-	-	-	-	-	15 King Street W.	-	-	-	-	W. A. Teeter, C.L.U.
KINGSTON, ONT.	-	-	-	-	-	295 Brock Street	-	-	-	-	E. W. Stewart-Normans
KITCHENER, ONT.	-	-	-	-	-	305 King Street W.	-	-	-	-	J. B. Glover, C.L.U.
LONDON, ONT.	-	-	-	-	-	383 Richmond Street	-	-	-	-	M. P. Hughes, C.L.U.
MONTREAL, P.Q.	-	-	-	-	-	612 St. James Street W.	-	-	-	-	J. B. Kane, C.L.U.
MONTREAL, P.Q.	-	-	-	-	-	Place du Canada	-	-	-	-	E. W. Tobin, C.L.U.
MONTREAL, P.Q.	-	-	-	-	-	1080 Beaver Hall Hill	-	-	-	-	G. W. Johnson, C.L.U.
NORTH BAY, ONT.	-	-	-	-	-	359 Fraser Street	-	-	-	-	H. K. Kay, C.L.U.
OSHAWA, ONT.	-	-	-	-	-	52½ Simcoe Street N.	-	-	-	-	H. W. Killam, C.L.U.
OTTAWA, ONT.	-	-	-	-	-	Imperial Life Building 215 McLeod Street	-	-	-	-	G. J. G. Arnold
PENTICTON, B.C.	-	-	-	-	-	304 Martin Street	-	-	-	-	W. H. Gerwing
QUEBEC, P.Q.	-	-	-	-	-	800 Place d'Youville	-	-	-	-	C. S. Gourdeau, C.L.U.
REGINA, SASK.	-	-	-	-	-	2002 Victoria Avenue	-	-	-	-	J. M. Kane, C.L.U.
SAINT JOHN, N.B.	-	-	-	-	-	133 Prince William Street	-	-	-	-	J. P. Cairns
ST. JOHN'S, NFLD.	-	-	-	-	-	351 Water Street	-	-	-	-	C. V. LeMessurier
SASKATOON, SASK.	-	-	-	-	-	606 Spadina Crescent	-	-	-	-	W. J. Franz, C.L.U.
SHERBROOKE, P.Q.	-	-	-	-	-	1845 King Street W.	-	-	-	-	G. Fontaine
THUNDER BAY, ONT.	-	-	-	-	-	8A Cumberland Street N.	-	-	-	-	
TORONTO, ONT.	-	-	-	-	-	18 King Street E.	-	-	-	-	F. E. Murphy, C.L.U.
TORONTO, ONT.	-	-	-	-	-	44 Victoria Street	-	-	-	-	L. R. Franklin, C.L.U.
TORONTO, ONT.	-	-	-	-	-	101 Bloor Street W.	-	-	-	-	J. M. Ferguson, C.L.U.
TORONTO, ONT.	-	-	-	-	-	2323 Yonge Street	-	-	-	-	F. D. Palmer, C.L.U.
VANCOUVER, B.C.	-	-	-	-	-	Imperial Life Building 1455 West Georgia Street	-	-	-	-	J. A. C. MacIntosh, C.L.U.
VANCOUVER, B.C.	-	-	-	-	-	Imperial Life Building 1455 West Georgia Street	-	-	-	-	A. S. Fenerty, C.L.U.
VICTORIA, B.C.	-	-	-	-	-	1120 Yates Street	-	-	-	-	D. A. B. Hall, C.L.U.
WINDSOR, ONT.	-	-	-	-	-	374 Ouellette Avenue	-	-	-	-	
WINNIPEG, MAN.	-	-	-	-	-	360 Broadway	-	-	-	-	W. H. Kamineski

## Group Offices in Canada

ALGONQUIN REGION - - - - -	Imperial Life Building 95 St. Clair Avenue W. Toronto, Ont.	J. T. Wilkins, C.L.U.
CAPITAL REGION - - - - -	1080 Beaver Hall Hill - Montreal, P.Q.	K. M. Sopora, C.L.U., F.L.M.I.
GREAT LAKES REGION - - - - -	44 Victoria Street - - - - - Toronto, Ont.	D. R. Eadie, C.L.U.
ST. LAURENT REGION - - - - -	1080 Beaver Hall Hill - - - - - Montreal, P.Q.	G. P. Nolin
WESTERN CANADA REGION - - - - -	Imperial Life Building 1455 West Georgia Street Vancouver, B.C.	D. G. Emo

## Mortgage Offices in Canada

CALGARY, ALTA. - - - - -	444 Seventh Avenue S.W. - - - - -	R. R. Rowland
KITCHENER, ONT. - - - - -	305 King Street W. - - - - -	F. W. Coffin
MONTREAL, P.Q. - - - - -	1080 Beaver Hall Hill - - - - -	R. Cusson
QUEBEC, P.Q. - - - - -	800 Place d'Youville - - - - -	J. Castonguay
TORONTO, ONT. - - - - -	Imperial Life Building 95 St. Clair Avenue W.	D. M. Johnston, A.A.C.I., S.R.A.
VANCOUVER, B.C. - - - - -	Imperial Life Building 1455 West Georgia Street	M. A. Huel, F.R.I.

## Branch Offices in U.S.A.

CLEVELAND WEST - - - - -	21010 Center Ridge Road - - - - -	L. G. Donald, Jr.
DETROIT NORTH - - - - -	23855 Northwestern Highway - - - - -	
	Southfield, Michigan	
FLINT - - - - - - -	801 S. Saginaw Street - - - - -	J. A. Vierheilig
LANSING - - - - - - -	241 East Saginaw Street - - - - -	L. J. Cook
	East Lansing, Michigan	
LOS ANGELES SOUTH - - - - -	777 South Main Street - - - - -	W. H. Wilson
	Orange, California	
SAN DIEGO - - - - - - -	2550 Fifth Avenue - - - - -	R. F. Baxter
	San Diego, California	
SAN FRANCISCO EAST - - - - -	1615 Bonanza Street - - - - -	R. E. Ewart
	Walnut Creek, California	
SAN JOSE - - - - - - -	675 North First Street - - - - -	R. H. Miner
	San Jose, California	

## Branch Offices in the South

NEW KINGSTON, JAMAICA - - - - -	Imperial Life Building - - - - -	S. A. Balfour, A.C.I.I.
NASSAU, BAHAMAS - - - - -	Debian House, Collins Avenue - - - - -	J. W. Pinder
PORT-OF-SPAIN, TRINIDAD -	2 Frederick Street - - - - -	C. F. C. Rooks

## Regional Offices

QUEBEC REGION - - - - -	1080 Beaver Hall Hill - - - - -	E. G. Pare
SOUTHERN REGION - - - - -	Sassoon House, Shirley Street - - - - -	D. Holland

## Imperial Life Offices in Great Britain

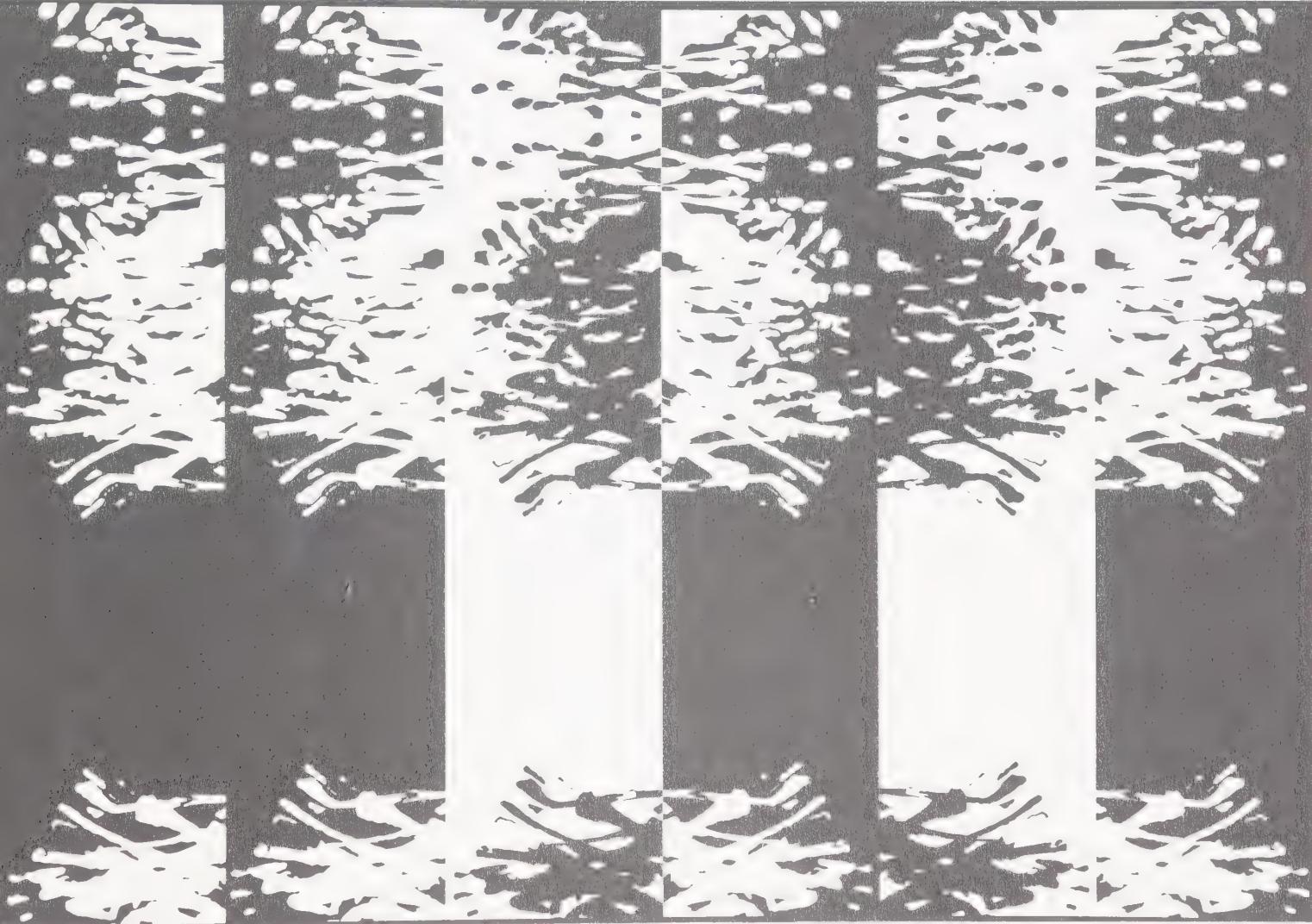
CHIEF OFFICE - - - - -	Imperial Life House, London Road Guildford, Surrey	
GROUP SALES OFFICE - - - - -	Abbey House, 2/8, Victoria Street - - - - -	P. J. West
INVESTMENT DEPARTMENT - - - - -	28/29, St. James's Square - - - - -	R. M. Farr

## Branches in London and Home Counties

CENTRAL LONDON BRANCH - - - - -	90/91, Tottenham Court Road - - - - -	D. Schiff
CITY BRANCH - - - - -	Friendly House, 21/24, Chiswell Street - - - - -	B. G. Cook
DEVELOPMENT BRANCH - - - - -	Abbey House, 2/8, Victoria Street - - - - -	R. A. Walters
HAYMARKET BRANCH - - - - -	76, Jermyn Street - - - - -	G. H. King
HOLBORN BRANCH - - - - -	129, Kingsway - - - - -	T. G. Brooks
KINGSWAY BRANCH - - - - -	129, Kingsway - - - - -	W. H. Glover
LANGHAM BRANCH - - - - -	32/36, Great Portland Street - - - - -	B. A. Lane
PALL MALL BRANCH - - - - -	1/3, Regent Street - - - - -	A. Csaky
WHITEHALL BRANCH - - - - -	Abbey House, 2/8, Victoria Street - - - - -	P. N. Crookenden
HERTFORDSHIRE BRANCH - - - - -	21a, Market Place St. Albans, Hertfordshire	C. G. Buzzacott
ILFORD BRANCH - - - - -	Broadway Chambers 1, Cranbrook Road Ilford, Essex	J. A. Jacobs
MIDDLESEX BRANCH - - - - -	Hyde House, Edgware Road - - - - -	B. Roden
NORTH KENT BRANCH - - - - -	Marlowe House, Station Road - - - - -	C. W. M. Frampton
NORTH LONDON BRANCH - - - - -	Lex House, 370/386, High Road Wembley, Middlesex	C. Burman
SOUTH LONDON BRANCH - - - - -	Lennig House, Masons Avenue Croydon, Surrey	C. C. Myers
SURREY BRANCH - - - - -	48a, Eden Street - - - - -	A. J. Holberton

## Branches in Other Centres

BIRMINGHAM BRANCH - - - - -	Rutland House, Edmund Street - - - - -	P. S. R. Kennedy
BRIGHTON BRANCH - - - - -	Western House, 65/67, Western Road - - - - -	J. C. Ager
BRISTOL BRANCH - - - - -	Tower House, Fairfax Street - - - - -	H. W. Steel
CARDIFF BRANCH - - - - -	2-4, Park Grove - - - - -	B. J. Cross
GLASGOW BRANCH - - - - -	5, Park Circus - - - - -	C. D. H. MacLean
LEEDS BRANCH - - - - -	Kimberley House, 11, Woodhouse Square - - - - -	G. W. H. Sparkes
LEICESTER BRANCH - - - - -	Epic House, Charles Street - - - - -	N. G. Ruddock-Brown
LIVERPOOL BRANCH - - - - -	Corn Exchange Buildings, Fenwick Street - - - - -	D. G. Kearon
MANCHESTER BRANCH - - - - -	Television House, Mount Street - - - - -	J. Trimble
NORTHAMPTON BRANCH - - - - -	Hazelwood House, Hazelwood Road - - - - -	J. P. Simmons
NOTTINGHAM BRANCH - - - - -	1, North Road - - - - -	O. S. Tame
OXFORD BRANCH - - - - -	Seacourt Tower - - - - -	J. E. Barlow
PLYMOUTH BRANCH - - - - -	Mayflower House, Armada Way - - - - -	A. H. Evans
SOUTHAMPTON BRANCH - - - - -	6, Bargate Offices - - - - -	J. F. Wilson



*ORPHÉE* by Jacques Hurtubise

Born in Montreal in 1939, M. Hurtubise studied at L'École des Beaux-Arts in Montreal; has exhibited in New York, Paris, Rome, Boston and São Paulo

The Annual Meeting of the Company is held at 2:30 p.m. on the third Wednesday in March  
Each person who has contracted for and holds a participating policy may attend and vote in person or by proxy  
at meetings of the Company. Proxy forms may be obtained on written request to the Secretary



# AR28

## Annual Meeting Address - March 17, 1971

Many of the Canadian life insurance companies have extensive international operations.

The Imperial Life operates in several countries. In some of the smaller territories in which we have operated for about seventy years we are now encountering a nationalistic attitude and policy that will have serious effects on the way in which we operate. We are encountering a definitely expressed desire for local ownership and a corporate structure providing for local decision making. We see here clearly, in microcosm, the attitude that foreign investors and foreign corporations are encountering in Canada and the problems that will ensue from a policy of economic nationalism.

In the foreign countries where economic nationalism is prevalent we advance the arguments that we have been good institutional citizens, we have employed locally only nationals of the country, we have given them good career opportunities, we have invested substantially in local development, we have served the insurance needs of the country efficiently for good social objectives, we have encouraged savings and the economic independence of the individual for the benefit of the local society. These arguments are not sufficient to allay the desire for local ownership, and we are met with the counter argument that their economic objectives are the same as Canada's. They are aware that it is Canadian government policy to develop guidelines for Canadian ownership of Canadian industry, for more national economic autonomy, and for more decision making locally. We are asked why do we object to complying with policies in foreign countries that are similar to policies that are being developed in Canada for the treatment of foreign investment.

This raises questions about Canada's policy. The difficulties which we foresee, in complying with nationalistic policies in other countries, would arise similarly in Canada from an unreasoned policy of mandatory local ownership. The problems that we anticipate in other



countries are as follows. The costs of operation of the foreign subsidiary are bound to be higher than present costs. The self-contained units will not be large enough to be economically viable. The nationals of the foreign country have many talents, but there is a lack of certain managerial and professional skills, for example, actuarial and investment skills. (The parallel with Canada is not exact as there is much actuarial and investment talent in Canada.) There is not enough local capital to allow them to acquire broad local ownership of the presently foreign-owned financial institutions even if the period of acquisition should be spread out over many years. We must also ask if the citizens who have joined a large, well-established company for a productive career, and the citizens who have accepted the covenant of a large financial institution, want their careers and their covenants transferred to new local, untried corporations. There is also real concern about the willingness of local investors, if they can be found, to wait patiently through the many years required for profits to be developed, particularly when other alternatives are available to them, possibly in the shares of foreign corporations. We must also ask in allocating our financial and managerial resources what priority we would assign to a local subsidiary, in which we would ultimately own only a minority interest. Joining together with other similar companies to form a joint venture ~~reduces~~ dilutes the ultimate share of ownership and ~~reduces~~ ~~reduces~~ the incentive to develop the enterprise aggressively.

All these points have application to the Canadian situation if a national policy is enforced to increase the Canadian ownership of foreign enterprises in Canada.

After considering all of the problems we conclude that it may be best to cease doing business in countries in which we encounter these tendencies. If this is suggested, we are told that it is not a satisfactory solution for all foreign companies to withdraw. The few domestic institutions could not serve the market adequately. So we are faced with a solution which may not make sense from an economic or an efficiency standpoint to satisfy nationalistic attitudes based on emotionalism rather than reason.



Are these comments descriptive of the situation developing in Canada? To my mind they are, to a large extent.

We agree that we do not want foreign domination economically nor politically, but does investment by foreigners mean this? The predominance of the Canadian life insurance companies in certain small foreign territories has certainly not meant this. On the contrary, it has meant the presence of a constructive force to assist in the development of the economies of those territories.

I believe that foreign capital has helped to bring these constructive forces into being in Canada. We have benefited greatly in our standard of living and economic development from the presence of foreign capital. Can we really say that we would have been better off to have restricted the resource development, for example, in oil, natural gas, iron ore, the development of gas and oil pipelines, to the much smaller magnitude that could have been achieved by Canadian capital only.

A national policy based on emotion or pride rather than economic realism will produce great inconsistencies. We are witnessing now efforts by the Canadian government to prevent the acquisition of the controlling shares of a Canadian oil company by foreign investors, presumably on terms which other Canadian investors would not meet. At the same time we hear the statement that a proposed pipeline through Canadian territory from the Arctic is too costly for Canadian resources, and foreign capital will be welcome in this development. This is precisely the main point. The development that we want in Canada requires help from outside our borders.

We must also seriously ask if Canadian investors want ownership decisions restricted by government policy. Canadians will not be ~~anxious~~<sup>keen</sup> to invest in Canadian enterprise if free market forces are not going to determine the value of their investment. The incentive to acquire or to build up a Canadian enterprise will be limited if the market value in the future is going to be limited by a restriction of the class of eligible future owners.



The Canadian Development Corporation will have limited value in the solution of the main problem. The CDC will be constructive if it provides additional funds for sound economic development in Canada. There will be no gain, and possibly a loss, if it simply redirects existing Canadian savings, particularly since decisions by CDC managers may not be pure investment decisions but may be influenced by national political goals rather than economic ones.

The Canadian Development Corporation can appeal only to a limited class of private investors who are prepared to wait a long time for the fruition of plans, and who are prepared to accept illiquidity in their investment. Most Canadian savers and investors want to sell as well as buy. The CDC portfolio presumably would include assets in companies whose securities are not listed on any stock exchange nor traded in the financial markets, and presumably also in unseasoned enterprises. What is the value of an individual's participation in such a portfolio? How are the values of units in such a fund determined and how frequently? These are important questions to most investors. It is equally important to know the terms of getting out as to know the terms of getting in. Furthermore if there is broad public participation in CDC there could be periods of net redemptions, rather than net investment, as the mutual funds managers well know. How would liquidity be provided under such circumstances? How could CDC sell off a part of Polymer or Eldorado, for example, to provide liquidity when the whole plan is to restrict the ownership of such enterprises.

Tampering with the free market for securities or creating an unnatural grouping of capital for nationalistic purposes seems a much less promising way to achieve economic development in the national interest than to give incentives to the creation of more savings and ~~more~~ capital by encouraging traditional financial arrangements. This suggests a policy which is the converse of what has been encountered in the recent taxation of Canadian life insurance companies. The tax is on policyholders' savings and a discouragement to long-term accumulation plans at a time when it is so obvious that Canada can use all the homegrown capital it can muster. It must certainly be in the interest of national objectives to encourage ,



possibly by tax incentive, long-term savings plans in life insurance contracts, mutual funds, pooled funds of trust companies, and other intermediaries, and to reward the savers by maintaining relative stability in the value of the dollars saved. This would be a much more effective and rewarding way to accomplish more Canadian ownership of Canadian enterprise, than to restrict artificially ownership of Canadian assets and to turn back at our borders much needed foreign capital. The restrictive measures may increase economic independence but they also ensure for Canadians relegation to a permanent minor league status.

